

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

June 20, 1988



ALL-COUNTY LETTER NO. 88-67

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: ALLOWABLE COSTS OF SERVICE THAT AFFECT IN-HOME
SUPPORTIVE SERVICES (IHSS) CONTRACTS
Reference ACL #87-91

Effective July 1, 1987, the Department of Social Services (DSS), in accordance with Welfare and Institutions Code (WIC) Section 12303(a) and Manual of Policies and Procedures (MPP) Regulations, Division 10, Sections 10-205.2 and 10.205.3, established maximum allowable costs for contracted IHSS. At that time, it was DSS' intent to increase the allowable cost of service in accordance with the Consumer Price Index (CPI) effective July 1, 1988, and each fiscal year thereafter, for contracts that are rebid or renewed. However, because the minimum wage was recently changed to \$4.25 per hour effective July 1, 1988, DSS has determined that the allowable cost of service must be recomputed based on more recent data. A revised allowable cost of service has been established for each of the 16 contracting Counties in terms of a dollar cost per hour. Any portion of a payment by a County on an IHSS contract in excess of 110% of the allowable cost of service shall not be eligible for matching or reimbursement from State or Federal funds.

The revised allowable cost of service is effective July 1, 1988. Counties that are currently impacted are those who are bidding for new contracts, or who are renewing contracts pursuant to WIC Section 12302.1 with effective start dates of July 1, 1988 or thereafter. Existing contracts that began prior to July 1, 1988 and are in progress, are not impacted by the allowable cost of service until those contracts expire and are rebid or renewed.

The methodology used to compute the revised allowable cost of service is as follows: The average hourly rate for applicable domestic workers, by County and Statewide, as taken from Employment Development Department (EDD) data for July 1986 through December 1987. Each County's ratio to the EDD Statewide average was computed, and the proportionate difference was then applied to the Statewide average hourly contract rate. The weighted Statewide average hourly contract cost was calculated using actual contract rates that will be in effect July 1, 1988.

In accordance with WIC Section 12303(a), a ten percent allowable increase was added to each County's allowable cost to arrive at a maximum contract cost eligible for State reimbursement. A breakdown of EDD average hourly rates by County and an example of the computed allowable cost of service are attached.

The allowable cost of service will be increased in accordance with the California Consumers Price Index effective July 1, 1989, and each fiscal year thereafter, for contracts that are bid or renewed.

MPP Section 10-205.5 provides a process whereby Counties may appeal to the Department for an adjustment to the allowable cost determination. The appeal process requires Counties to initiate an appeal by filing with the Department a written request for an adjustment, no later than 15 working days from the mailing date of this All-County Letter. The written appeal must provide documentation that demonstrates extraordinary circumstances affecting the operation of the program within the County, the potential adverse impact of the allowable cost on continuity of services, or the ability to provide efficient and effective management of the program. The appeal must contain the cost requested and specific justification for the difference between the allowable cost and the requested cost.

Once the written appeal has been received, the Department will determine if additional information is necessary. The additional information must be provided by Counties within 10 working days of the date of the Department's notification to the County. Failure of the County to provide additional information within the specified time period, may result in denial of the requested adjustment.

The maximum allowable costs (which include the WIC 10%) have been approved by the Department of Finance for each County and are as follows:

Butte	\$ 8.20
Mendocino	9.61
Nevada	8.65
Riverside	9.90
San Diego	9.61
San Francisco	10.70
San Joaquin	8.76
San Mateo	10.20
Santa Barbara	10.14
Santa Clara	10.91

Santa Cruz	10.98
Stanislaus	8.47
Tehama	9.11
Tulare	9.09
Ventura	8.91

Please address any appeals for adjustment of the allowable cost to me at the following address:

Department of Social Services
744 P Street, Mail Station 17-18
Sacramento, CA 95814



LOREN D SUTER
Deputy Director
Adult and Family Services

Attachment

cc: CWDA

Attachment

<u>COUNTY</u>	EDD Average Wage Rate Offered <u>Domestic Workers</u>
Butte	4.22
Mendocino	4.95
Nevada	4.45
Riverside	5.10
San Diego	4.95
San Francisco	5.51
San Joaquin	4.51
San Mateo	5.25
Santa Barbara	5.22
Santa Clara	5.62
Santa Cruz	5.65
Stanislaus	4.36
Tehama	4.69
Tulare	4.68
Ventura	4.59

Statewide Average Hourly Contract Cost	\$8.51
EDD Statewide Wage Rate offered Domestic Workers	\$4.82

EXAMPLE: Butte County

EDD Domestic Placement Hourly Rate for Butte County	\$4.22
EDD Statewide Rate offered Domestic Workers	- <u>4.82</u>
Percent of EDD Statewide Average	.8755
Statewide Average Hourly Contract Rate	x <u>8.51</u>
Allowable Cost of Service	= 7.45
WIC Section 12303(a) 10% Allowable Increase	+ <u>10%</u>
Maximum Allowable Cost of Service with 10% Increase	\$8.20